

Putting U.S. Horticultural Trade in the Big Picture

The U.S. horticultural industry is in general well positioned to benefit from an open global trading system. In fiscal 2002, U.S. horticultural exports slightly exceeded the prior year's sales, reaching a record \$11.1 billion. This is the third consecutive increase in horticultural exports, and the seventh rise in the last 10 years. In fiscal 2003, U.S. horticultural exports are forecast to set another sales record of \$11.3 billion.

U.S. imports of horticultural products have also been characterized by continued rapid expansion (with the strong dollar helping to fuel some of this growth). While a handful of key products and product categories, such as bananas and wine, account for a sizeable percentage of total U.S. horticultural imports, the fact is that access to the U.S. market is on the whole highly favorable to imports.

The impressive performance of the U.S. horticultural sector is due in part to more favorable market access opportunities acquired through the multilateral and bilateral trade agreements of the last decade. For example, U.S. horticultural shipments to Canada have risen steadily, largely due to the much more favorable tariff rates and access opportunities under NAFTA (the North American Free Trade Agreement).

U.S. exports to Mexico have also recorded strong growth under NAFTA—despite frequent currency devaluations and other economic disruptions in Mexico and a strong U.S. dollar for much of the period.



191148

The Uruguay Round of the General Agreement on Tariffs and Trade, the precursor of the WTO (World Trade Organization), has given U.S. citrus shippers more favorable access to the South Korean market. As a result, U.S. citrus exports to that country exploded to over \$65 million in 2002, compared with only \$26 million as recently as 1998.

These are just three examples of how successful trade agreements can translate into substantial additional business for U.S. horticultural producers, processors and shippers.

Yet despite these favorable outcomes, tariffs on U.S. horticultural products in many foreign markets remain high, if not prohibitive. For example, Egypt maintains tariffs of 40–60 percent on a wide variety of fresh fruits and tree nuts, while India maintains tariffs of over 120 percent on raisins.

The future of a healthy and vibrant U.S. horticultural sector depends on

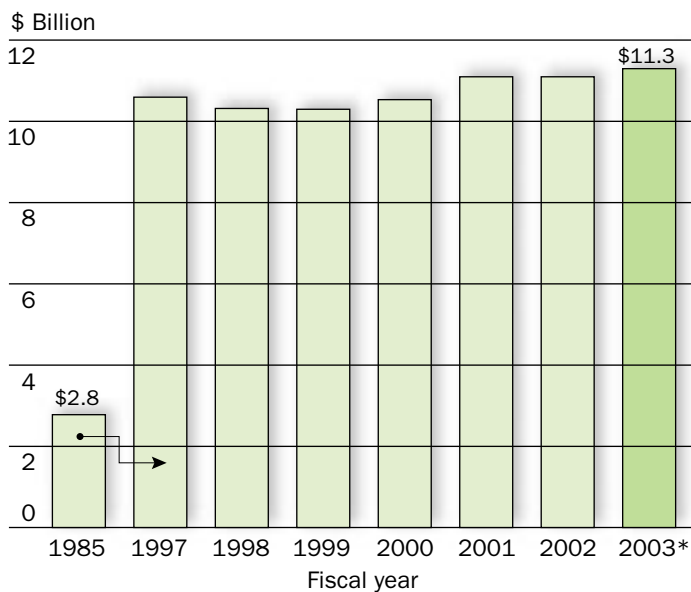
reducing, and eventually eliminating, onerous tariff and nontariff barriers in overseas markets—conditions that can only be achieved through ongoing bilateral and regional free trade negotiations and through the United States' aggressive proposal in the WTO.

Reducing tariffs in foreign markets will allow U.S. producers and exporters to compete on a more level playing field, and further expand their ability to sell to foreign customers. In addition, these trade agreements can reduce, if not eliminate, many technical barriers to trade, thereby increasing real market opportunities and enhancing the transparency and fairness of foreign inspection and regulatory regimes.

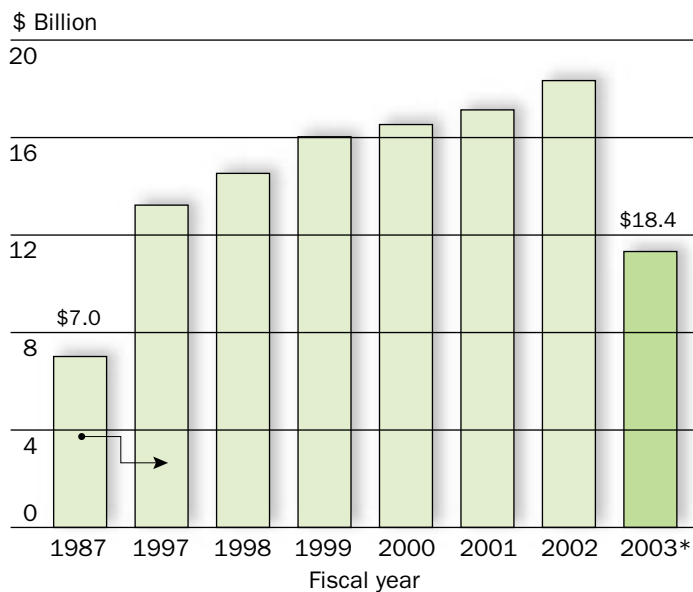
Improved market access conditions abroad resulting from new trade agreements could arguably benefit the U.S. horticultural industry's interests on two fronts. First, they would provide direct benefits in the form of new and/or improved access for U.S. horticultural commodities, both fresh and processed. Second, they could provide indirect benefits to the sector by taking some of the existing pressure off the U.S. market. Currently, many of the world's leading horticultural producing areas (e.g., Chile, Argentina, Central American countries, Mexico, Australia, New Zealand and South Africa) focus a great deal of their marketing efforts on the United States. This is understandable given that the United States has the world's most affluent consumer base, with 290 million consumers, combined with one of its most open markets.

However, as multilateral, regional and bilateral trade agreements open up new markets and opportunities, some competitors could shift marketing efforts away from the United States, taking some of the pressure off of the U.S. market. ■

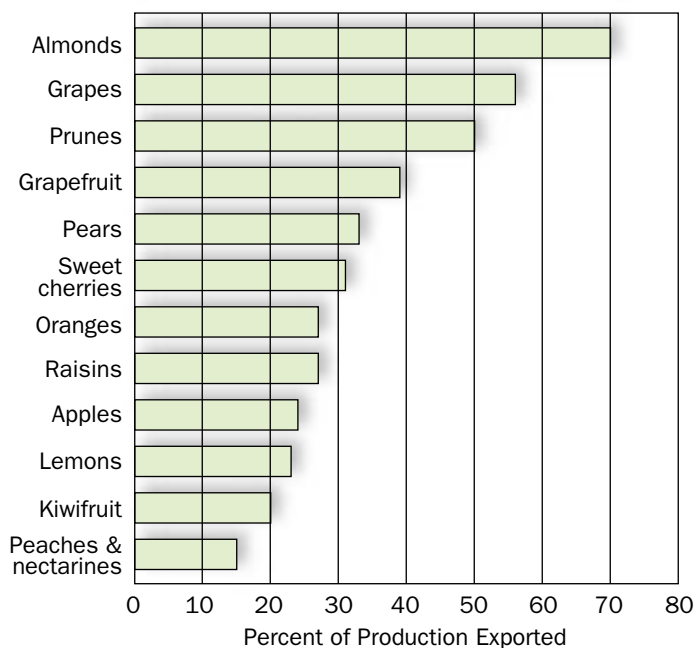
U.S. Horticultural Exports Up Slightly in Fiscal 2002, Forecast To Reach Another Record in 2003



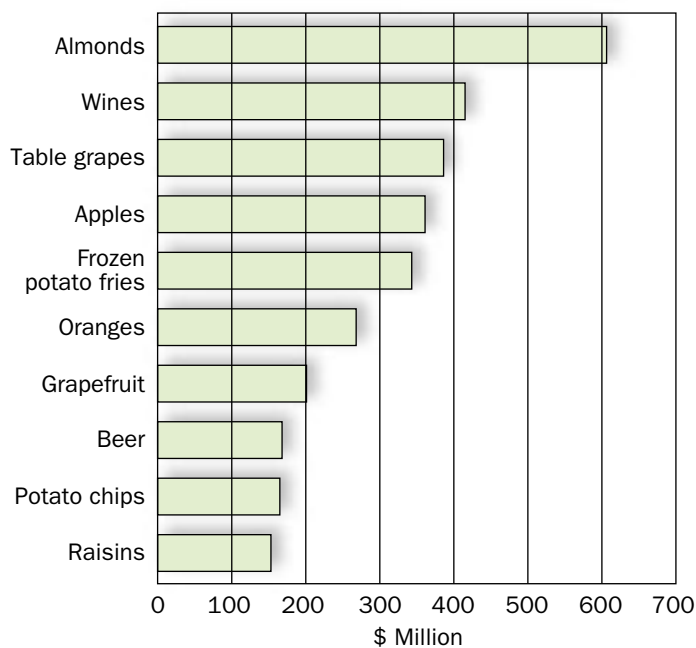
The United States Is Also a Good Market for Horticultural Imports



Export Reliance of Selected U.S. Horticultural Products

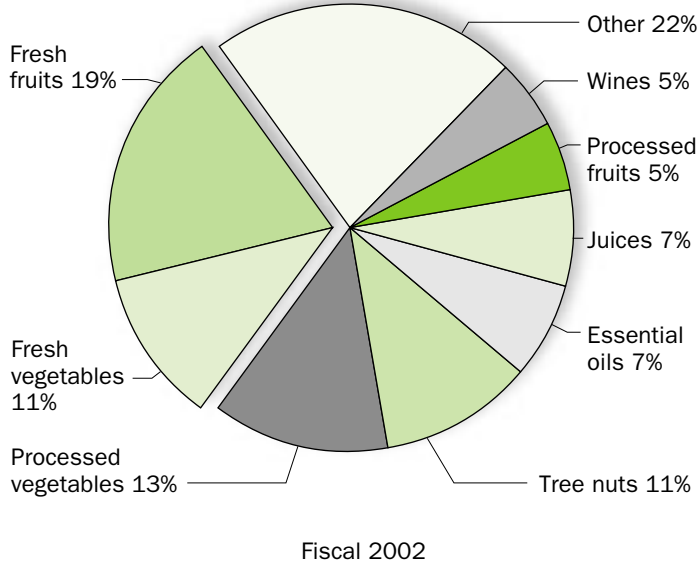


Top 10 U.S. Horticultural Exports, Fiscal 2002

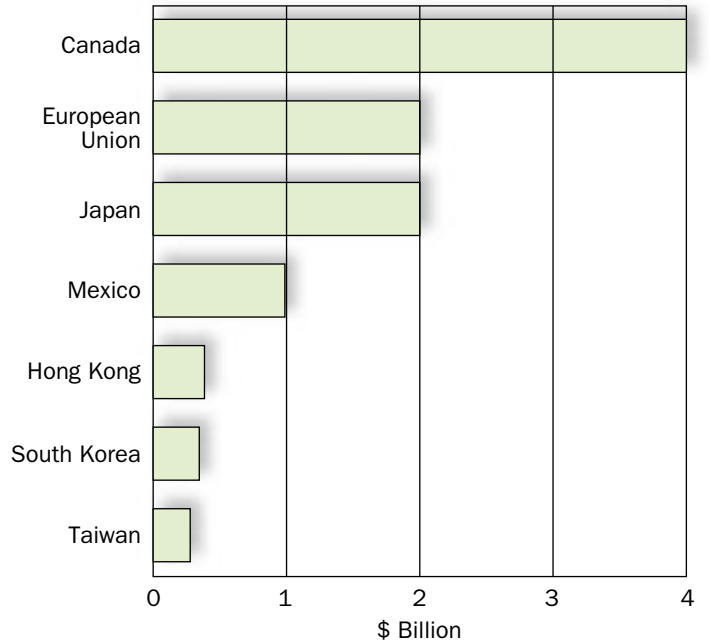


*Forecast. Source: U.S. Bureau of the Census.

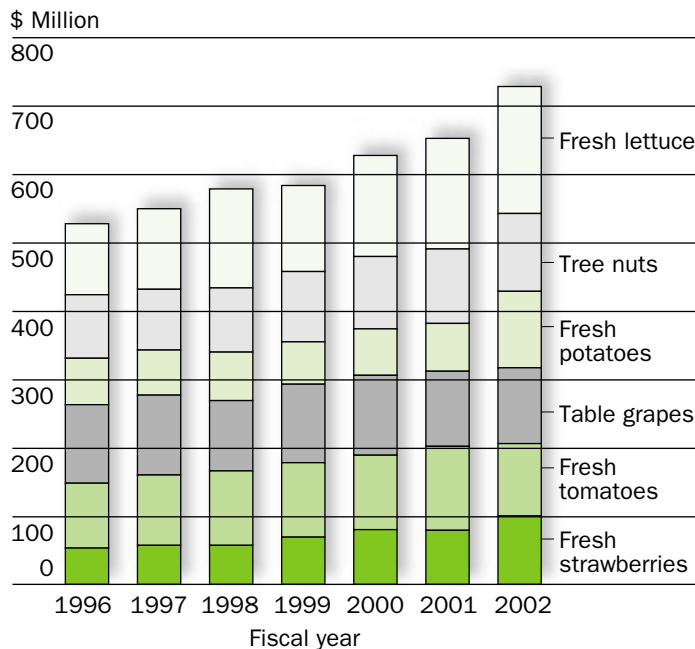
Fresh Fruits and Vegetables Account for Largest Share—Nearly One-Third—of U.S. Horticultural Exports



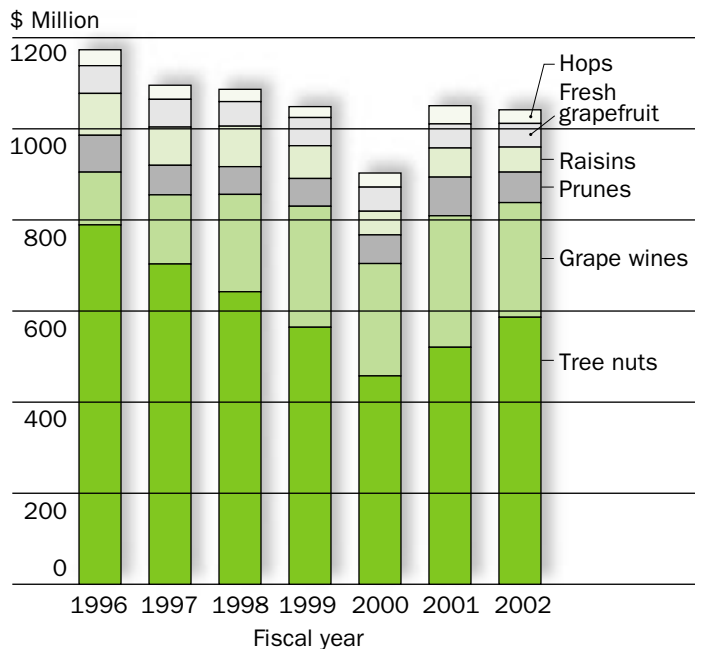
Top Customers for U.S. Horticultural Exports, Fiscal 2002



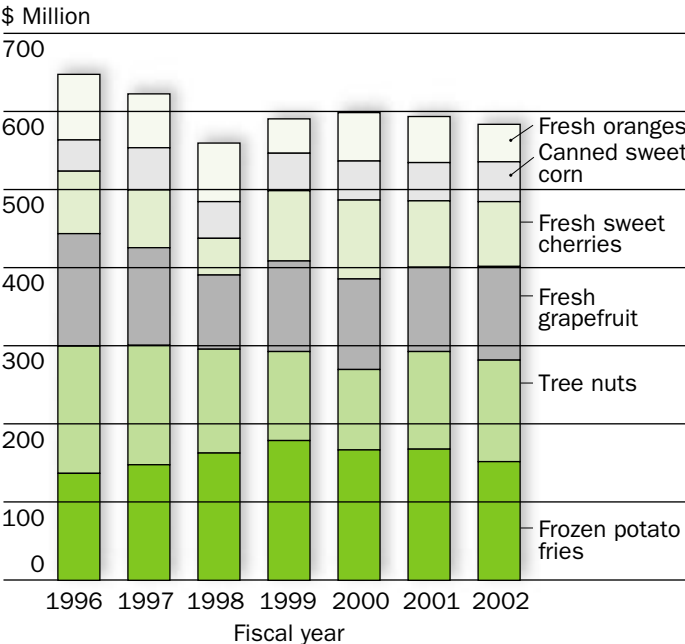
U.S. Best Sellers in Canada's Horticultural Market



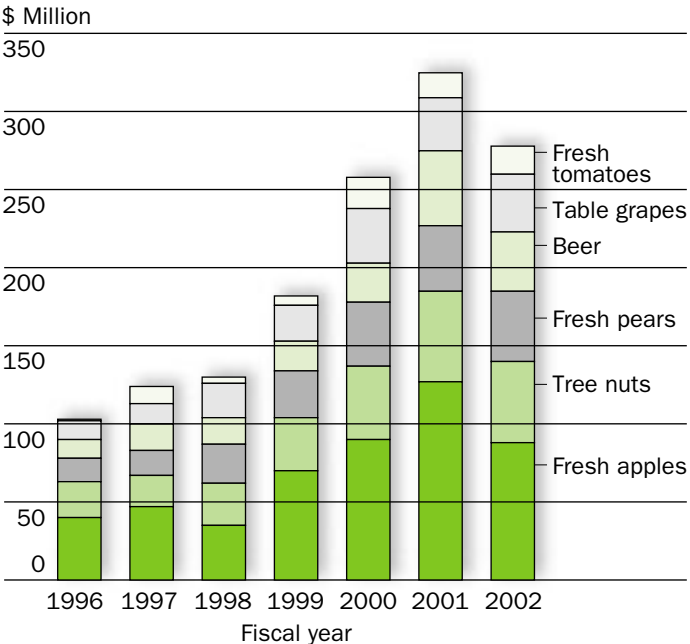
U.S. Best Sellers in the European Union



U.S. Best Sellers in Japan



U.S. Best Sellers in Mexico



U.S. Horticultural Exports Trending Upward Slowly in Non-Traditional Markets

